



**Ingram Entertainment Inc.**

And



382 East Lies Road  
Carol Stream, IL 60188  
(630) 871-0222

August 27, 2008

## I. INGRAM ENTERTAINMENT INC. MANAGEMENT

Each Ingram Entertainment Inc. location provides local management, warehousing, sales, marketing, and customer service for customers within its geographic zone.

### Chicago Branch (630) 871 0222

Barb Rehus .....	Sales Manager
Debbie Naktin .....	Outside Sales Representative
Norma Lesniak .....	Inside Sales Representative

Additionally, our regional and corporate staff is available including the following:

### Central Region Management

Bill Boyle .....	VP of Sales, Western Region
Jeff Manatrey .....	Director of Interactive Media

### Corporate Management (800) 759-5000

David Ingram .....	Chairman and President
Donnie Daniel .....	EVP and CFO
Bob Webb .....	EVP of Operations and Purchasing
Nancy Cowan .....	SVP of Credit
Elmer Fink .....	SVP of Operations
John Fletcher .....	SVP and General Counsel
Bob Geistman .....	SVP of Sales and Marketing
Mark Ramer .....	SVP and Chief Information Officer

Ingram Entertainment Inc. Locations



## II. SUPPLY AGREEMENT

### 1. New DVD Software Pricing:

Redbox negotiates DVD software pricing directly with the studios. Ingram Entertainment will order DVD software from the studios at the pricing negotiated by Redbox. Ingram Entertainment pricing to Redbox will be Ingram Entertainment's gross cost (i.e. the amount the studios invoice Ingram Entertainment for the product), plus \$ [REDACTED] per disc on all new DVD and Blu-ray software (new release and catalog).

### 2. Previously Viewed DVD Software Pricing:

Redbox will receive Ingram Entertainment's weighted average cost plus a handling fee of \$ [REDACTED] per disc pricing for all Previously Viewed DVD software. To determine the weighted average cost, Ingram Entertainment will average the cost of the discs for a specific title bought back from Redbox using the pricing set forth in Section 4 below. For example, if Ingram Entertainment has, in inventory, 1,000 discs of the title "Rambo" at a weighted average cost of \$ [REDACTED] per disc, and takes into inventory another 500 discs of the same title at \$ [REDACTED] per disc, then the weighted average cost of that title would be \$ [REDACTED] per disc (\$ [REDACTED]).

### 3. Product Preparation:

Included in the prices noted above, Ingram Entertainment will provide the following product preparation service prior to shipping:

- a. apply one optical scan label to each disc
- b. place the DVD disc into the Redbox rental case
- c. record and communicate item serial number information to Redbox

Redbox agrees to provide Ingram Entertainment with all necessary labels and cases at no cost. If Redbox makes changes to their product preparation requirements, such as requesting application of a second optical scan label, Ingram Entertainment will re-evaluate costs associated with the changes and adjust price as needed. Subject to Section 6, for buy back purposes per Sections 4 and 5, [REDACTED] Ingram Entertainment will warehouse the original DVD jewel cases and studio artwork for each disc that Ingram Entertainment buys back.

### 4. DVD Buy Back:

Unless otherwise specified by a specific studio program (e.g. Disney's Rental Plus program), Ingram Entertainment agrees to repurchase from Redbox ("Buy Back") new release DVD product per the schedule below (new release is defined as new to home video). To be eligible for Buy Back, titles must have cases and studio artwork available to repackage discs. It is Redbox's obligation to notify Ingram Entertainment if any DVD software pricing negotiated by Redbox with a studio does not include applicable jewel cases

or artwork for each DVD. It is Ingram Entertainment's obligation to order jewel case and artwork for each DVD unless Redbox provides notice pursuant to the previous sentence.

For new release DVD product which has (i) a theatrical box office of over \$[REDACTED] and (ii) a Manufacturer's Suggested List Price (MSLP) greater than \$[REDACTED], Ingram Entertainment will credit Redbox as follows upon Buy Back, subject to Section 5: [REDACTED]

Buy Back 8 weeks or less after original release date.....	\$[REDACTED]
Buy Back more than 8 weeks, but 12 weeks or less after original street date.....	\$[REDACTED]
Buy Back more than 12 weeks, but 16 weeks or less after original street date.....	\$[REDACTED]
Buy Back more than 16 weeks, but 25 weeks or less after original street date.....	\$[REDACTED]
Buy Back more than 25 weeks, but 52 weeks or less after original street date.....	\$[REDACTED]
Buy Back more than 52 weeks, but 104 weeks or less after original street date.....	\$[REDACTED]

For any new release DVD product that does not meet the requirements of the preceding schedule, Ingram Entertainment will credit Redbox as follows upon Buy Back, subject to Section 5:

Buy Back more than 1 week, but 52 weeks or less after original street date.....	\$[REDACTED]
Buy Back more than 53 weeks, but 104 weeks or less after original street date.....	\$[REDACTED]

Any variation from the above schedule must be agreed to by the parties in writing prior to the original street date of any applicable title. Ingram Entertainment reserves the right to modify the Buy Back schedule in the case of any title, with a theatrical box office of over \$[REDACTED] and an MSLP greater than \$[REDACTED], for which Redbox has negotiated a purchase price that is less than standard distribution cost for that title. Ingram Entertainment will consider title-specific Buy Back schedule modifications in the event Redbox requests them.

Ingram Entertainment will develop a mutually agreeable Blu-ray buy back schedule for Redbox when Blu-ray product becomes an ongoing format in Redbox machines.

*The parties agree to a joint re-evaluation of the Buy Back schedule during each six month period of the term of this agreement.*

**5. Buy Back Credits:**

Redbox will advise Ingram Entertainment of quantities, by title, of Buy Back product and Repairable Discs (defined in Section 9) which Redbox directs Ingram Entertainment to hold for future new store sets. A new store set is a set of DVD's which will be deployed to new Redbox kiosks. Subject to Section 6, at no charge to Redbox, Ingram Entertainment will house this inventory, and no return credit will initially be issued by Ingram Entertainment to Redbox for these units. Once the quantity returned, by title, satisfies Redbox's hold quantity requirement for that title, Ingram Entertainment will begin to issue credit to Redbox based on the Buy Back schedule in Section 4.

**6. Proprietary Inventory:**

As noted in Section 3 above (Product Preparation), Section 4 above (Buy Back Credits), and, with respect to "Repairable Discs," per and as defined in Section 9 below (Damaged Disc Repair), Ingram Entertainment will house Redbox product (collectively "Proprietary Inventory") in Ingram Entertainment's warehouse. Ingram Entertainment will provide Redbox with inventory information on a schedule and in a format to meet the inventory management needs of Redbox. Redbox assumes all risk of loss caused by or resulting from a covered loss included in ISO Causes of Loss Special Form Coverage (including flood and earthquake) for its product warehoused by Ingram Entertainment, or within the care, custody, or control of Ingram Entertainment. Redbox will insure the product described in the preceding sentence for direct physical loss or damage using the ISO form described, and shall provide Ingram Entertainment with a Certificate of Insurance evidencing such coverage, waiving subrogation against Ingram Entertainment, and otherwise acceptable to Ingram Entertainment (including with respect to amount of coverage).

To ensure that the amount of Proprietary Inventory does not become excessive, the parties will cooperate in performing a quarterly review to mutually identify and provide for the removal or disposition of Proprietary Inventory. Absent mutual agreement with regard to Proprietary Inventory, Ingram Entertainment shall be entitled to issue Redbox a credit for that Proprietary Inventory per the schedule in Section 4 (at which point that product will become the property of Ingram Entertainment) and to sell that product and related items to a third party.

**7. Shipping:**

Ingram Entertainment will ensure that all product delivered under this contract is suitably packed for shipment, marked for shipment to Redbox's designated destination, and delivered to a carrier or forwarding agent. Ingram Entertainment will use multiple distribution centers to ship new release product to Redbox. Provided Redbox's orders are placed on a timely basis, and provided Ingram Entertainment's suppliers make timely delivery to Ingram Entertainment, Ingram Entertainment will make commercially

reasonable efforts to deliver new release product to Redbox regional receiving locations 7 to 10 days prior to street date. Ingram Entertainment will work closely with each studio with the objective of timely receipt of product; however, Ingram Entertainment cannot commit that every studio will meet the delivery dates for new release product requested by Ingram Entertainment.

All returns will be sent to, and all new store sets will be shipped from Ingram Entertainment's Chicago distribution center.

**8. Freight:**

Freight for all video and game software will be prepaid to each Redbox regional receiving location on any single shipment of \$[REDACTED] or more.

Ingram Entertainment will provide Redbox with UPS/ARS labels for returns and Ingram Entertainment will invoice Redbox monthly for UPS/ARS labels used each month. Reclamation fees and any associated handling fees are to be paid by Redbox.

**9. Damaged Disc Repair:**

Ingram Entertainment will provide disc repair services to Redbox for a fee of \$[REDACTED] per disc for those discs that are returned by Redbox to Ingram Entertainment and are visually examined by Ingram Entertainment and determined to be repairable ("Repairable Discs"). Ingram Entertainment will charge a fee of \$[REDACTED] per disc for discs that are returned by Redbox to Ingram Entertainment and are examined by Ingram Entertainment and determined not to be repairable ("Irreparable Discs"). Ingram Entertainment will clean Repairable Discs using the disc repair machine purchased and owned by Redbox. Subject to Sections 4 and 5, Ingram Entertainment will credit Redbox for all Repairable Discs based on the schedule noted in Section 4 above. Ingram Entertainment will process damaged returned discs on a last in, first out basis. Repairable Discs are subject to Section 6.

No credit will be issued by Ingram Entertainment to Redbox for Irreparable Discs. Redbox will receive a report of these items and Redbox will advise Ingram Entertainment as to how to dispose of this product. Absent prompt instructions from Redbox, Ingram Entertainment may dispose of this product in its discretion.

Redbox will be responsible for all supplies associated with the disc repair machine as well as disc repair machine maintenance. Redbox authorizes Ingram Entertainment to purchase disc repair supplies on an as needed basis and Redbox agrees to reimburse Ingram Entertainment promptly for the cost of disc repair supplies. Based on the machine currently identified by Redbox, Ingram Entertainment estimates repair capacity to be [REDACTED] discs per day. If Redbox desires that the capacity be increased, Redbox will need to provide the equipment necessary for the increased disc repair capacity.

Ingram Entertainment reserves the right to re-evaluate continuation of the damaged disc repair service at the end of each calendar quarter.

**10. Payment Terms:**

Payment terms will be net **15** days from invoice date (discounts for early payment do not apply). Deductions are not permitted. Deductions for co-op advertising are permitted, provided an I.V. number, title and dollar amount are documented and included with the remittance. Deductions for returns or anticipated returns or coupon redemption are not permitted. Fines and/or penalties from Redbox to Ingram Entertainment, for any reason, are not permissible. Ingram Entertainment shall provide Redbox a line of credit based upon Ingram Entertainment's credit policies.

**11. DVD Returns:**

All Redbox returns will be sent to Ingram Entertainment's Chicago distribution center (Redbox shall not destroy any product to be returned). Refer to DVD Buy Back (Section 4) and Damaged Disc Repair (Section 9) for return guidelines.

**12. DVD Advertising:**

Redbox will negotiate MDF marketing funds directly with the studios, who in turn will forward such funds to Ingram Entertainment. Redbox will receive the "pass through" MDF advertising funds for all DVD purchases from Ingram Entertainment. Redbox will be reimbursed for advertising dollars allocated and authorized by Ingram Entertainment for all ads that meet studio requirements. Deductions for co-op advertising are permitted if Ingram Entertainment has received the claim. Each advertising deduction must be properly identified with an I.V. number, title and dollar amount on the remittance.

**13. Term of Agreement:**

The term of this agreement is three years from the date of this agreement. Either party may terminate this agreement for convenience at any time upon 90 days prior written notice to the other.

Either party may terminate this agreement as a result of a material breach by the other party of any of its obligations. The termination will be effective upon the breaching party's receipt of written notice of such breach, subject to a 30 day cure period. If the breaching party has failed to cure or initiate a plan to cure the breach within 30 days after its receipt of such written notice, this agreement will automatically terminate. Notwithstanding the foregoing, a party may terminate this agreement immediately upon written notice if any of the following events occur: (a) the other party ceases or is likely to cease to carry on all or any principal part of its business; (b) the other party is unable to pay its debts as and when they become due; (c) due to an encumbrance, a third party takes possession of all or any substantial part of the business, property

or asset of the other party, or any liquidator or receiver is appointed in respect thereof; (d) the other party makes a general assignment for the benefit of its creditors; or (e) any order has been made or any resolution has been passed for the winding up of the other party.

In addition, Ingram Entertainment may terminate this agreement immediately in the event Redbox fails to remain in good credit standing with Ingram Entertainment.

**14. Confidentiality:**

(a) The parties acknowledge that by reason of their relationship under this agreement, they may have access to Confidential Information of the other, and of the other's affiliates and subcontractors. Each party agrees that it will not use or disclose Confidential Information other than for the purpose for which it was disclosed by the other. Each party further agrees that: (i) it will not use in any way for its own account nor for the account of any third party, nor disclose to any third party, any Confidential Information revealed by the other; and (ii) it will take reasonable precautions to protect the confidentiality of the Confidential Information. Subject to these restrictions, a party may disclose relevant aspects of the other party's Confidential Information to its directors, officers, employees, contractors, affiliates, subcontractors, consultants, attorneys, auditors, and other third parties to the extent necessary for the performance of its obligations or the exercise of its rights under this contract, or to the extent that such persons have a need to know such information due to a legitimate business concern. In any case, such third persons will be obligated to maintain the confidentiality of the Confidential Information upon terms similar to those contained in this contract.

(b) As used in this agreement, "Confidential Information" means the information and materials relating to each party's business, purchasing, pricing, plans, customers, software technology, and marketing strategies that are confidential and of substantial value to a party, which value would be impaired if such information were disclosed to third parties in a manner not permitted by this agreement or in breach of a confidentiality or non-disclosure obligation.

(c) In the event of the expiration or termination of this agreement, there will be no use or disclosure by a party of any Confidential Information in its possession, and all confidential materials (except for the original and any copies of this agreement) will be returned to the other or destroyed. Upon any breach or threatened breach of this Section 14, a party will be entitled to seek injunctive relief, without bond, in addition to any other available remedies.

**15. Independent Contractors:**

The parties are independent contractors. Nothing in this agreement shall be deemed to establish a partnership, joint venture, employment, agency or other legal relationship other than that of independent contractors.



**16. Time of the Essence:**

Time is of the essence in the performance of this agreement and every related order, including delivery.

**17. Gratuities:**

Ingram Entertainment has not and will not offer or give to any employee, agent or representative of Redbox any gratuity with a view toward securing any business from Redbox by influencing such person with respect to the terms, conditions, or performance of any contract with or from Redbox. Any breach of this warranty is a material breach of this agreement.

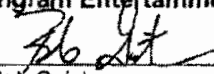
**Ingram Entertainment Inc.**

\_\_\_\_\_  
Facility Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

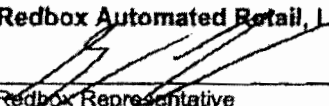
**Ingram Entertainment Inc.**

  
\_\_\_\_\_  
Bob Geistman  
IEI Corporate Representative

\_\_\_\_\_  
SVP, Sales and Marketing  
Title

\_\_\_\_\_  
August 27, 2008  
Date

**Redbox Automated Retail, LLC**

  
\_\_\_\_\_  
Redbox Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

*FWS - 8/28/08*  
APPROVED BY  
REDBOX LEGAL

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## CO-OP ADVERTISING PROGRAM

In the video industry, the studio co-op advertising policies and procedures are very strict and must be adhered to. These policies are dictated by the studios and not by Ingram Entertainment. Please note the following:

Not all titles accrue co-op dollars. Ingram's co-op advertising commitment is based on purchases of titles with a co-op program.

Proof of performance is always required for advertising expenditures (i.e. tear sheets, media invoices, sample ads, warranty letters, etc.). Co-op advertising funds allocated may not be treated as a rebate or an allowance.

The studios providing advertising dollars have specific guidelines that must be followed in order for their claims to be paid (i.e. logos, copyrights, space devoted, etc). Advertisements not meeting these guidelines will not be paid by the studio and therefore cannot be credited by Ingram Entertainment Inc.

It is both studio and Ingram Entertainment Inc. policy not to accept deductions for co-op advertising expenditures. Within 30 days of receiving a signed Letter of Agreement for Co-op Reimbursement, Ingram Entertainment Inc. will credit your account for the co-op advertising claims meeting studio requirements.

Ingram Entertainment Inc. is committed to assisting our customers in the administration of their co-op advertising. To ensure that all advertisements conform to studio policies, we will provide a Cooperative Advertising Policy & Procedures Manual. We also have knowledgeable co-op staff. These associates can assist you with ad content, claim procedures or any other questions you may have. Your co-op advertising contact is:

Tammy Stopinski - Corporate Co-op Manager  
(800) 759-5000 Ext. 4555  
tammy.stopinski@ingramentertainment.com